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C O N F I D E N T I A L DAMASCUS 000661

SIPDIS

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E.O. 12958: DECL: 09/18/2018
TAGS: [EAIR](#) [ECON](#) [ETRD](#) [PGOV](#) [FR](#) [SY](#)
SUBJECT: SYRIAN AIR TO SELL ALL BOEING AIRCRAFT

REF: A. DAMASCUS 646
[1](#)B. DAMASCUS 599
[1](#)C. DAMASCUS 438
[1](#)D. DAMASCUS 70
[1](#)E. 07 DAMASCUS 950

Classified By: Charge d'Affaires Maura Connelly for reasons 1.4(b,d)

Summary

[1](#)1. (C) Syrian Air executives report that the airline's management intends to sell its two Boeing 747s and six Boeing 727s rather than attempt to overhaul them. They reported that the one remaining operational Boeing aircraft in the Syrian Air fleet, a 747, will be grounded on October 1, 2008, and expressed frustration at the U.S. export license application process. Syrian Air's Technical Director revealed that the airline had paid Lufthansa to overhaul one Airbus A320 engine in Germany, and after completing the overhaul Lufthansa had subsequently refused to re-export the engine back to Syria without a U.S. export license. Currently, Airbus executives are reportedly in Damascus to conclude a "strategic cooperation" agreement with the SARG resulting from President Sarkozy's recent visit to Damascus. End summary.

Last Syrian Air Boeing to be Grounded

[1](#)2. (C) In a conversation that arose from a chance encounter at a Ramadan social event, Syrian Air Technical Director Mohiedin Issa told us on September 17 that one of Syrian Air's two Boeing 747s (tail number YK-AHA) had been grounded in January 2008 after it could no longer be certified for commercial use without a "D-check" airframe overhaul. He said that Boeing had granted Syrian Air's second 747 (YK-AHB) an extension of an additional 1000 flight hours, but

this plane would also be grounded when the extension expired on October 1, 2008.

No Longer Interested in D-Check Licenses

13. (C) Issa verified the planes were airworthy enough to be flown to Saudi Arabia where Boeing subsidiary Al Salam Aircraft Co. could conduct the D-checks. However, he said that Al Salam is only capable of performing airframe overhauls and not engine overhauls, which Syrian Air's 747s also now required. Syrian Air's board of directors had decided that the likelihood of receiving U.S. export licenses for engine overhauls was so slim that they saw no reason to invest in overhauling just the airframes.

14. (C) In a September 18 follow-up telcon with Emboff, Director General of Syrian Air Ghada Latif confirmed that Syrian Air is no longer interested in maintaining its Boeing fleet and intended to sell both 747s and its six 727s (which have been grounded for some time).

Lufthansa Refusing to Re-export Airbus Engine

15. (C) Issa said Syrian Air's top priority is overhauling four engines for its fleet of six Airbus A320 aircraft. He revealed that Syrian Air had sent one engine to Lufthansa Technik in Germany and paid for the overhaul, but Lufthansa had subsequently refused to ship it back to Syria without a U.S. export license. He said that Syrian Air had three more Airbus engines in need of overhaul, but was waiting to see if Lufthansa could obtain an export license and ship the first engine back to Syria before sending the other three to Germany.

Airbus Executives in Damascus

16. (C) As reported in ref A, local and regional media are reporting that Airbus executives are currently in Damascus concluding what DPM Dardari characterized as a "strategic cooperation agreement" with the SARG. The informed consensus is that Airbus will initially attempt to lease two to six aircraft to Syrian Air indirectly through a private third-party -- rumored to be head of Syrian Arab Red Crescent Dr. Abdul Rahman Attar (who is a possible cutout for Rami Makhlof) -- in order to circumvent U.S. sanctions law. The SARG is expected to formally place an order to purchase 14 aircraft to be delivered between 2010 and 2016, with an option to buy another 36 airplanes until 2028.

Comment

17. (C) As the Sarkozy visit demonstrated, Syrian Air's continued operation is important to the regime. Now that Syrian Air is no longer interested in pursuing the 747 D-check licenses, our ability to leverage SARG interest on our key issues is diminished. Our efforts to pressure the SARG through withholding safety-related licenses may have inadvertently strengthened Makhlof's hold on the Syrian airline industry and encouraged Airbus' apparent willingness to subvert U.S. sanctions. However, if Lufthansa actually requires a U.S. export license to re-export the overhauled A320 engine to Syria, Issa's concern presents us with a potential lever.

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